

U.S. Firms Partner with Ethiopia's Almeda Textiles in Long-term Apparel Deal

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On November 19, 2009 COMPETE hosted a ceremony in Addis Ababa to highlight expanding U.S. - Ethiopian business ties.

Almeda Textiles, a member of the Effort Group, and two U.S. companies, Atlas Manufacturing Group and Pinnacle Textiles, signed agreements in Addis Ababa, Ethiopia establishing long term relationships in the apparel sector. Atlas is placing orders with Almeda worth \$3 million for T-shirts and other garments for delivery throughout 2010, while Pinnacle has forecast orders of kitchen wear valued at \$7 million for the same period.

Atlas Manufacturing Group is a leading corporation in the U.S. uniform, corporate wear, and medical garments market. Pinnacle is the U.S. leader in kitchen wear and hospitality garments. Almeda textiles is one the largest vertically integrated textile and apparel firms in Ethiopia spinning, weaving and finishing fabrics in its own textile mill and manufacturing apparel in its own garment factory.



From left to right: USAID Ethiopia Mission Director Thomas Staal, Chairman of Atlas Manufacturing Group James Langford, Ethiopian State Minister of Trade and Industry Tadesse Haile, General Manager Almeda Textiles Razvan Lonele, and Deputy CEO Almeda Textiles Getachew Belay (not pictured, Patrick Methven, President Pinnacle Textile Industries).

Razvan Lonele, General Manager of Almeda Textiles says, "This type of agreement is like the foundation of a house and our company needs these types of agreements to put a strong structure in place to move ahead."

These partnerships will lead to initial production volumes of more than one million units of T-shirts, kitchen wear and uniforms per year, providing jobs to over 1000 Ethiopians.

These commercial agreements are a result of several initiatives undertaken by COMPETE's East and Central Africa Trade Hub (ECA

Hub). COMPETE provided technical assistance to Almeda and sponsored the company to exhibit at the MAGIC Apparel Trade Show in August 2009. The Africa Pavilion at MAGIC has become the premier platform for African Apparel exporters to access the U.S. market. Sustained ECA Hub support to the Ethiopian Apparel sector under the U.S. African Growth and Opportunity Act (AGOA) initiative dates back to 2003.

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Northern Corridor Transit Conference—Reducing the Cost of Doing Business

High level policy makers from across East Africa gathered in Mombasa in to meet with a cross section of private sector leaders and trade associations involved in the transit logistics chain at the Regional Conference on Northern Corridor Transport and Trade Facilitation: Towards Reducing the Cost of Doing Business. This marked the first time key high-level public/private sector players have been brought together in a common forum to define and commit to a Reform Agenda on Transit and Trade

Facilitation and to take decisive measures to deal with key issues and challenges that impact on the efficiency of the Northern Corridor, East Africa's major trade corridor. Attendance included about 20 Ministers from the five EAC countries as well as Democratic Republic of Congo and Southern Sudan.

The Northern Corridor Ministerial meeting was organized jointly by the Kenya Ports Authority (KPA), the East African Business Council (EABC) and the Transit

"There is a major mind-shift in the region where high-level policy makers can accept responsibility and commit to act on issues that affect our regional competitiveness."

*Hon. Ali Makwere, Kenya
Minister of Transport*



COMESA Secretary General, Sindiso Ngwenya, addresses the participants at the opening of the Conference on Northern Corridor Transport and Trade Facilitation.

Coordination Authority of the Northern Corridor (TTCA-NC) with USAID/COMPETE playing a catalytic role. This was a positive development with key institutions rallying together to forge a common approach in addressing challenges related to transit efficiency improvements. Overall there was a frank and unprecedented exchange of views with the participating countries adopting an open and willing to listen attitude. Ministers made commitments on key reforms which included review of the Gross Vehicle Mass (GVM) limit from 43 tonnes to comply with the COMESA/EAC harmonized standard of 56 tonnes and elimination of road blocks.

Strengthening the Capacity of Regional Associations Working in the Transit Value Chain

The COMPETE transit team has identified several potential private sector partners in regional integration, transit and trade facilitation – all part of the transit value chain.

During October 2009, COMPETE convened strategic planning meetings for the Kenya Shippers Council (KSC) and the Kenya Transport Association (KTA) to help refocus their orientation and business strategy. The result has been the development of strategic frame-

works for the KSC and KTA which have helped to redefine their strategic objectives, strategies, and service delivery orientation to members as inputs to fully fledged strategic plans supported by business plans.

COMPETE will work with these regional trade associations and use them as conduits for technology transfer and sharing best practices across countries and regions, elevating their capacity and visibility and equipping them to undertake evi-

dence-based advocacy, and strengthening their capacity to put them on the path to growth and long-term sustainability.



Innovation: Grant with Sustainable Harvest Uses iPhone to Track Coffee from Tanzanian Producers to U.S. Buyers

Most coffee cooperatives do not have the tools to collect and organize the information about their coffee that can be vital to improving quality. When this data is not tracked, producers who grow high quality coffee are not identified and rewarded, and producers who produce lower quality coffee are not targeted for quality improvement training. In East African cooperatives, this quality improvement becomes an even more serious communication challenge, because of the sheer size of cooperatives and the severity of poverty within the region.

By not collecting coffee lot data—such as which farms are included in the lot, where and when it was washed, dried, and stored, and average cupping scores—cooperatives lose the opportunity to separate their coffee for sale to specialty coffee roasters, fetch higher price premiums, and enter into long-term buying relationships with roasters.

The COMPETE Partnership Fund has awarded a two year, \$468, 000 grant to Sustainable Harvest at Origin/Africa

in Tanzania which will be used to implement a Relationship Information Tracking System (RITS) database with Kilicafe, an East African cooperative, at a dry mill. By tracking key data starting at the individual farms and all the way through to the centralized dry mill, Kilicafe will have the tools needed to bulk their highest quality coffee together for a high-premium sale.

Sustainable Harvest has developed the an easy to use database and tracking system, providing up to date information on coffee quality and shipping logistics in a transparent manner to all members of the supply chain. The RITS program has three components: the RITS web-based software application which has been converted to an iPhone App, a Radio Frequency Identification Device to trace each lot of coffee from harvest day to the pre-shipment sample that is received and analyzed by the customer, and a handheld devices for data tracking, in this case the iPhone.

With the RITS iPhone application, cooperative members will use an intuitive, touch screen format to track and organ-



Sara Morrocchi East Africa Director Sustainable Harvest, Diana Walls, COMPETE Partnership Fund Manager, and Stephen Walls, COMPETE Chief of Party.

data from each stage of coffee production. This application will track the volume of cherries delivered by each farmer to washing stations; washing station processing dates, cupping scores (which measure coffee quality), shipping schedules, and geographic and demographic information about farmers and their land. This transparent distribution of data among supply chain partners brings efficiency to all, by providing access to the data that is key to their success.

EAFCFA Conducts First Training in Coffee Price Risk Mgmt.

Price volatility in international commodity markets has a direct effect on East African coffee producers and traders. Lack of knowledge about how to manage price risk leads to poor decision-making and can lead to market losses. The World Bank's Commodity Risk Management Group, with support from the European Union Agricultural Commodities Program and COMPETE, has introduced a Commodity Risk Management course to equip and train coffee traders and producers on how to handle the price risk.

On October 23rd twelve students

graduated from the Eastern African Fine Coffees Association (EAFCFA) Coffee Training Centre after completing a week long training course on Price Risk Man-



EAFCFA Price Risk Management Course instructor, Ray Parizat (center) is flanked by course graduates.

agement in Coffee. The students included stakeholders from the EAFCFA member countries such as Rwanda, Burundi, Uganda, Kenya, Tanzania and Malawi.

Roy Parizat, the World Bank's CRMG consultant said: "There is a gap as far as risk management is concerned in this region. Courses like this are very vital. A few producers know about this and they need to train in order to manage their businesses."

The five-module course enables small and medium coffee traders to learn how to improve risk management of their coffee businesses, minimise price losses and compete favourably with other international traders.

Partnership with Cotton Conservation Initiative

The COMPETE Partnership Fund grant to the Cotton Conservation Initiative Uganda (CCIU) will offer a financially viable farming alternative to people returning from IDP camps and contribute to the economic development and resettlement of northern Uganda, in the Gulu and Amuru Districts. This two year \$588,000 grant will have a positive impact on cotton farmers along every step in the cotton value chain.

Initially partnering with over 800 farmers and community groups, CCIU has successfully grown test plots of organic cotton in 2009. With the COMPETE grant, CCIU will scale up the project by establishing mini ginneries and oil extraction plants, incorporating farmers directly into the value addition process, and increasing the number of farmers that benefit from the increased economic growth in these districts. CCIU's interventions over the coming years will directly affect over 8000 farmers while the impact of mini ginneries and the oil extraction plant will be felt by a much wider section of the community, who will benefit from the availability of affordable edible cottonseed oil and seedcake for livestock.

The project has a lot of ground to cover. The key objectives of this project are to:

- To work to create an integrated value chain, with value addition benefits from seed cotton from the field to the final product remaining in Uganda; garments will be exported, not the fiber.
- To ensure that earnings from the primary processing of the cotton remain with the smallholder producer, giving them a larger share of the value chain.
- To assist the primary societies to reorganize by providing very practical inputs to allow for their proper functioning.
- To reintegrate the primary societies into the marketing chain, excluding the middlemen and improving the true farm gate price.
- To continue the strategic partnership with EDUN, which will allow the CCIU program to benefit from international sponsorships, based on sales volumes by retailers, who appreciate the traceability and clear social attributes of product they buy.
- To ensure cotton grown under an organic regimen introduce food crops into the rotation to ensure availability and diversity of food crops and contribute to overall food security.
- To promote the best environmental practices and, where possible, promote biodiversity conservation.

"We found it was very important for us to know what was happening with the source of our cotton, not just the manufacturing, but with the farmers, because every T-shirt sold had an impact on a lot of people."

Christian Kemp-Griffin,
Chief Executive Officer, Edun Live
speaking about integrity of the
cotton supply chain at the
Copenhagen Fashion Summit,
December 2009



Stephen Walls, Chief of Party COMPETE, USAID Acting Deputy Mission Director, Marcus Johnson, and Claude Auberson, Program Director of the Cotton Conservation Initiative Uganda at the grant signing ceremony on December 8, 2009.

Brings Livelihood Opportunities to Returning IDPs

Ultimately organic cotton farming will be the catalyst for employment and further cotton production in the area and by introducing food crops into the crop rotation system, farmers will reach a level of sustainability in income and food security.

CCIU's partner organization, EDUN, will promote this revolutionary value added supply chain, by providing the demand for the T-shirts created with CCIU cotton, and to use its relationships with retailers to redirect a percentage of the sales proceeds of their uniquely sourced product back to CCIU farmers. Follow the progress of this exciting project in future issues of The Link.



What Is the Cotton Conservation Initiative?

In 2007, the Wildlife Conservation Society and Edun, an apparel company founded by Ali Hewson and U2 frontman Bono, established the Conservation Cotton Initiative (CCI). This collaboration aims to improve the livelihoods of communities in Africa by investing in sustainably harvested "conservation cotton." Currently, CCI is working in Zambia, Uganda and Madagascar. The program promotes the development of eco-friendly cotton farming around high biodiversity areas to enhance incomes and economic development, improve resource management, and protect wildlife. U2, Cold Play, Aveda, Puma, Hard Rock Café, Barnes and Noble, Google, Microsoft and GUESS are among a few of the big names that have ordered their T-shirts from Edun LIVE. Find out more about CCI at www.wcs.org and www.edunonline.com.

Four African Apparel Firms Earn WRAP Certification

The Worldwide Responsible Accredited Production (WRAP) program is the world's largest facility certification program mainly focused on the apparel, footwear and sewn products sectors. Facilities receive a certification of six months to one year based on compliance with the 12 WRAP Principles in the areas of lawful, humane and ethical manufacturing standards.

With COMPETE's support, four Ethiopian firms have earned Worldwide Responsible Apparel Production (WRAP)

Certification. The firms are Novastar Garments, Addis Garments, MAA Garments and Nazareth Garments.

An increasing number of buyers only want to purchase from WRAP-certified factories, because social and environmental compliance is important to them and to their consumers. As a result, WRAP-certified facilities are gaining a competitive advantage in the global market.



Celebrating WRAP certification (from left to right) Endakachew Sime, Secretary General ETGAMA, Stephen Walls, Barry Fisher of COMPETE, Giuliana Zuccato Addis Garments, Tewodros Yilma National Coordinator, ILO, Kassaye Mekuria, President ETGAMA, and Finn Holm-Olsen, COMPETE.

ACTIF Brings Cotton Value Chain Leaders Together

Leaders in the African cotton/textile/apparel industry came together in Addis Ababa, Ethiopia for a 2 day workshop from November 18-19 on maximizing opportunities for trade within and outside the region. This workshop was organized by the Africa Cotton and Textile Industries Federation (ACTIF), the Ethiopian Textile and Garment Manufacturers' Association (ETGAMA) and COMPETE.

The workshop focused on building the capacity of manufacturers and exporters in merchandising, quality assurance and compliance and to create opportunities for those in the regional cotton to clothing value chain to share experiences. The event was officially opened by Ethiopia's Minister of Trade and Industry, His Excellency Mr. Tadesse Haile. Others who contributed to the opening session included Mr. Endalkachew Sime, the Secretary General of ETGAMA; Mr. Kassaye Mekuria, President of ETGAMA; Mr. Rajeev Arora, Executive Director of ACTIF; Mr. Stephen Walls, Chief of Party, COMPETE Program.

To set the scene for what is taking place in the region, Uganda, Tanzania, Kenya and Ethiopia delivered country presentations. Of particular interest was

the presentation by Ms. Ruth Sebagereka Nabagereka, representing the Textile Manufacturers Association of Uganda (TEMAU), who spoke about Uganda's experience in aligning COMESA's Cotton to Clothing Strategy to the national level. She noted that Uganda is faced with a situation where 90% of cotton lint is exported and only 10% is used in the domestic market. On the other hand only 10% of the Uganda's garments are produced locally while 90% of the market is made up of imports. Clearly, there is a window of opportunity to expand the domestic clothing manufacturing market. Uganda's overall policy is to further develop domestic and regional markets, to target the niche market for organic cotton by export to the U.S. and Europe, to strengthen institutions in the textile sector, to promote development of a regional strategy and to create a regional resource database that will be accessible to all in the cotton/textile/apparel value chain.

COMPETE's East and Central Africa (ECA) Trade Hub director, Mr. Finn Holm-Olsen, discussed trade opportunities available under AGOA as well as training, market linkages and firm level technical assistance available to promising companies to enable them to be-



Country Presentations Session at the ACTIF East African Workshop. From left to right: Ms. Sebagereka Nabagereka, Manager TAMU Uganda, Eng. Deodatus Ndunguru Ministry of Trade and Industry, Tanzania, Mr. Rajeev Arora, Executive Director, ACTIF, Mr. Thomas Puthoor, Vice Chair of the Kenya Apparel Manufacturers Exporters Association (KAMEA), not pictured Mr. Endalkachew Sime, Secretary General of ETGAMA.

come export ready. JC Mazingue, also from COMPETE, gave an overview of merchandising, pointing out the importance of communication in working with buyers. Rajeev Arora, ACTIF's Executive Director, discussed issues regarding quality assurance and compliance. There was lively discussion and exchange of views throughout all of the sessions. One outcome of the workshop is to investigate opportunities for training in the textile industry through existing textile training facilities in the region.

Introduction to Warehouse Receipts Systems Training

Thirty-five participants from Kenya's National Cereals Production Board (NCPB) along with trainers from SGS Kenya, Equity Bank, and AON Insurance took part in this workshop held at the Holiday Inn Nairobi on 24th November.

COMPETE is supporting the Eastern African Grain Council (EAGC) implement its training program on Structured Trading Systems (STS) which are an integral part of introducing formal trade

to the region's grain sector. Further trainings will take place at three National Cereals Produce Board pilot sites in Eldoret, Bungoma and Kitale where the warehouses are being certified by EAGC.



African Grain Summit: Linking Farmers to Markets

Africa's perennial food shortage, poor agricultural policies and over reliance on rain-fed agriculture were at the top of the agenda of the third African Grain Trade Summit. More than 200 delegates from across Africa attended the meeting held in Dar es Salaam, Tanzania from November 5-6. This year's theme, "Linking Farmers to Markets: Stimulating Agricultural Productivity in Africa" covered a wide array of topics from stimulating agriculture in Africa, harmonization of national and regional grain trade policies, development of regional commodity markets in Africa, and genetically modified organisms in Africa.

Dr. Namanga Ngongi, President of the Alliance for a Green Revolution in Africa (AGRA) delivered the keynote address on the topic of "Stimulating Agriculture in Africa" AGRA focuses on improving seeds, soil quality, water and irrigation, farmer training and access to markets. These areas of intervention and the overall feeling that the time is right for Africa to take bold steps in agriculture helped set the energizing tone for the entire summit.

A number of recurring themes came through during the conference including the need for an enabling policy environment that supports cross border trade of staple foods, the need to reduce costs

through efficient logistics and regional infrastructure linkages, the need to scale up from smallholder farming to commercial farming and the need for improved access to agriculture finance.

A number of organizations involved in field research on improving production gave presentations on their latest findings. ICRISAT reported on new high yielding varieties of millet and sorghum. The Water Efficient Maize for Africa

"We want to provide a forum for the African and global grain community to discuss and recommend solutions to policy, regulatory, agriculture and finance bottlenecks that impede trade in grain products."

Constantine Kandie,
Executive Director of the Eastern
Africa Grain Council (EAGC)

(WEMA) project, whose objective is to develop and make drought-tolerant maize available royalty free to small-scale farmers in Sub-Saharan Africa, reported on the success of their field trials in Tanzania and Kenya. Under moderate drought, WEMA DT maize is expected to increase yields by 20–35% over current varieties, which translates



The Hon. Dr. Mary Nagu, Tanzania's Minister for Industry, Trade and Marketing delivers welcome remarks at the opening session of the 3rd African Grain Summit.

into additional 2 million MT of maize during drought years which can feed up to 21 million people.

Innovations in grain storage technologies, warehouse receipt systems and the growth of commodity exchanges across the region were also highlighted.

There was strong presence of countries outside of the East African Community such as Ethiopia, Southern Sudan, and Zimbabwe, who all want to become more involved in EAGC activities as well as a wide level of representation from traders to farmers.

RUDI: Structured Trading Systems for Rice in Tanzania

COMPETE's Partnership Fund has awarded a grant to the Rural Urban Development Initiative (RUDI) for \$446,800 for the next two years to work with farmers to bulk, store and mill rice. RUDI, an NGO based in Tanzania, provides agriculture extension services and training in warehouse receipt systems for thousands of farmers. It is the only NGO in Tanzania collecting rice paddy and working on structured trading systems for rice.

The grant will assist smallholder rice farmers in three southern districts of Tanzania (in the Kilombero, Iringa and Handeni districts) in establishing collection points and rice mills where the paddy can be turned into milled rice at the source. Milling the rice will triple the value and will contribute to better returns for the farmers. The finished rice can be traded across the region. Initially this grant is expected to help over 3200 farmers.



Abel Lyimo, CEO of RUDI and Stephen Walls, COP COMPETE sign the RUDI grant agreement while Isaac Tallum and Maria Mullei of the COMPETE Staple Foods team look on.

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COMPETE works to :

- Reduce barriers to trade
- Enhance the competitiveness of selected value chains including staple foods
- Promote investment and trade between the U.S. and East and Central Africa

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COMPETE
The Competitiveness and Trade Expansion Program



Events Calendar

Date	Event	Venue	Find Out More
30 November – 3 December	Africa Ports, Logistics & Supply Chain Conference	Accra, Ghana	http://www.magenta-global.com/aplsc09/aplsc09_partner.php
4 December	EAC Maize Quality Standards Training	Nairobi, Kenya	
8 – 11 December	RADDEx training in Tanzania	Dar es Salaam, Tanzania	
14 – 18 December	Northern Corridor's 32nd Meeting of the Executive Board	Kilgali, Rwanda	
14 – 16 December	Meetings with COMESA, USAID, on maize exports	Lusaka, Zambia	
13 – 14 January	Workshop of Legal Framework of One Stop Border Post for East Africa	Arusha, Tanzania	
30 January – 4 February	New York International Gift Fair	New York, New York, USA	http://www.nyigf.com